



## *Department of Justice*

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FOR IMMEDIATE RELEASE  
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**MILK FIRM AND ITS FORMER PRESIDENT INDICTED FOR RIGGING BIDS  
OF SCHOOL DAIRY PRODUCTS CONTRACTS IN NORTH CAROLINA**

WASHINGTON, D.C. -- The Department of Justice announced today that a federal grand jury in Wilmington, North Carolina, returned a four-count indictment against Maola Milk and Ice Cream Company and its former president, Kenneth Gex Reesman, both of New Bern, North Carolina, for participating in a conspiracy to rig bids for dairy products contracts in North Carolina public schools and for committing mail fraud.

Count one of the indictment charges Reesman and Maola, a North Carolina dairy processor engaged in the sale and distribution of dairy products in North Carolina, with participating in a conspiracy to rig bids to supply dairy products to various North Carolina public schools in violation of Section 1 of the Sherman Antitrust Act. The indictment charges that the conspiracy began at least as early as the spring of 1983 and continued at least through the 1987-1988 school year.

The three other counts charge Reesman and Maola with separate violations of the mail fraud statute by causing the U.S. Postal Service to deliver three payments from the New Bern-Craven

County Board of Education to Maola to supply milk to the public schools in that district pursuant to the 1987-1988 school year contracts awarded to Maola on the basis of collusive bids.

John W. Clark, Acting Assistant Attorney General in charge of the Antitrust Division, said the charges arose in connection with a grand jury investigation in Wilmington, North Carolina, into collusive practices by dairy products suppliers in North Carolina. Clark said the investigation, being conducted by the Division's Litigation I Section, is continuing.

With today's indictment, the Antitrust Division has filed a total of 80 criminal cases against 44 corporations and 56 individuals in the milk/dairy products industry for bid rigging conspiracies. Cases have been brought in Florida, Georgia, North Carolina, South Carolina, Virginia, Kentucky, Illinois, Texas, Mississippi, Tennessee and Indiana.

To date, 37 corporations and 41 individuals have been convicted and a total of approximately \$35 million in fines imposed. Total civil damages are more than \$7 million. Thirty-four grand juries in 23 states continue to investigate the milk industry.

The maximum penalty for an individual convicted of a violation of the Sherman Act occurring prior to November 16, 1990, is three years in prison and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime or twice the pecuniary loss caused to the victims of the

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crime.

The maximum penalty which may be imposed against a corporation convicted of a violation of the Sherman Act occurring prior to November 16, 1990, is a fine not to exceed the greatest of \$1 million, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

The maximum penalty for an individual convicted of a mail fraud violation is five years in prison and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

The maximum penalty which may be imposed against a corporation convicted of a mail fraud violation is a fine not to exceed the greatest of \$500,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

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